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Rationing of Food in Canada

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Rationing of Food in Canada

1. Summary

To date rationing has been instituted for only four foods--sugar, tea and coffee, and butter. Coupon rationing has been in effect since July 1, 1942, for sugar 1/ and since August 3, 1942, 2/ for tea and coffee. Previously sugar had been rationed since January 26, 1942, 3/ and tea and coffee since May 26 4/ under an "honor" system which did not require the use of coupons.

The original sugar ration was $3/4$ of a pound a week per person. This was reduced to $1/2$ pound a week effective May 26 to bring it into line with the United States ration.

Under the "honor" system the tea and coffee ration was defined as "one-half the quantity of tea and three-quarters of the quantity of coffee heretofore normally used by that person." With the establishment of coupon rationing on August 3, 1942, the ration was limited to 1 ounce of tea or 4 ounces of coffee a week for every person twelve years of age or over. Coffee concentrates or substitutes are covered by the rationing regulations, 5/ and the weekly ration is fixed at a sufficient

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- 1/ WPTB Order No. 150, Respecting Sugar Rationing, June 16, 1942,
(effective July 1).
 - 2/ WPTB Order No. 166, Respecting the Rationing of Tea and Coffee,
July 23, 1942, (effective August 3).
 - 3/ WPTB Order No. 93, Respecting Sugar Rationing, January 24, 1942,
(effective January 26).
 - 4/ WPTB Order No. 138, Respecting the Rationing of Tea and Coffee,
May 19, 1942, (effective May 26).
 - 5/ The regulations define as coffee "any concentrate or substitute
containing coffee."

amount to make approximately $12\frac{1}{2}$ cups a week, which is estimated to be the number of cups which can be secured from 4 ounces of coffee.

Coupon rationing of butter went into effect on December 21, 1942. 1/ The ration is one-half pound of butter per person per week. The government had hoped to avoid the necessity for formal rationing through other measures but abnormal purchases of butter during the last three months increased to such a point that formal rationing was deemed necessary. The basic cause of the butter shortage is the great increase in demand coupled with large military and British requirements plus the fact that milk prices and demand for fluid milk and products other than butter have been at such a level that there has not been an adequate price incentive to direct milk into butter production. Creamery butter production for the first ten months of 1942 has lagged behind 1941 production. 2/ In addition it has been reported that considerable stocks of butter have been hoarded both privately and commercially.

The extension of rationing to other foods has not to date been officially announced. The shortage of beef coupled with the expectation of meat rationing in the United States will presumably bring about the institution of meat rationing very shortly in Canada. Several temporary voluntary rationing programs have been tried. A voluntary reduction of butter consumption by one ounce a week was tried. Due to the necessity of fulfilling British contracts coupled with a tight supply situation, the government urged all Canadians to refrain from buying any bacon,

1/ WPTB Order No. 220, Respecting Butter Rationing, December 15, 1942, (effective December 21).

2/ The Economic Annalist, Department of Agriculture, Ottawa, Canada. December 1942, p. 83.

ham or fresh pork for 7 weeks beginning September 13 in order to assure fulfillment of British contracts. Information is not available regarding the need or possibility of rationing other foods.

Consumer rationing of food as well as of all other consumer goods (with the exception of tires and gasoline, the rationing of which is administered by the Controllers of Rubber and Oil respectively who operate within the Department of Munitions and Supply) is administered by the Wartime Prices and Trade Board, which has been granted supreme price control power and broad power to ration and regulate industry and trade, e.g., concentration, simplification, production, and distribution restrictions.

2. Administration of Rationing

When coupon rationing was first introduced in June 1942, it was administered by a Supervisor of Rationing as a part of the Division of Supply, Distribution and Rationing. No special local rationing offices or boards were set up and local problems were handled by rationing officers attached to the regular Wartime Prices and Trade Board regional and sub-regional offices.

a. Local Ration Boards

Shortly after the announcement ^{1/} that the government planned to institute a drastic curtailment of civilian industry in order to relieve the acute manpower shortage and that this would require an extension of consumer rationing, a separate Administration of Consumer Rationing was

^{1/} Manpower and the Total War Effort, speech by MacKenzie King, August 19, 1942; and Statement of Policy Regarding Curtailment of Civilian Trade and Industry, issued by WPTB. October 21, 1942.

organized within the Wartime Prices and Trade Board. 1/ Approximately 540 local ration boards are being organized throughout the country, with each board covering about 20,000 persons. Mayors and reeves have been asked to serve as Chairmen and other board members will be representative citizens serving without remuneration. Municipalities have been asked to provide offices and equipment and the services of one official to serve as secretary. Basic policy and major administrative problems will be handled by the central office and through it by the local rationing officers, who are not superseded by the establishment of local boards. The local rationing officer is the paid employee and local representative of the Wartime Prices and Trade Board, attached to a regional or sub-regional office of the Board, while the local boards are unpaid groups of local citizens.

The exact powers and functions of the local boards have not yet been specified in detail but it has been indicated that the boards will not be merely advisory but will be expected to play an important part in local administration. Their most important task will be to act as information bureaus for their communities. Among the specific functions of the local boards will be responsibility for the issuance of extra rations and the replacement of lost books. They will handle the registration of dairy butter producers and receive coupons and permits sent in by such producers. They may also be asked to assist in checking quotas established for public caterers. 2/

1/ WPTB Press Release No. 0237, October 26, 1942.

2/ WPTB Press Release No. 0225, October 5, 1942.

b. Consumer Registration

Ration application cards were distributed to every household by the postal authorities between June 18 and 23, 1942. Only one application was required for all persons of the same surname in each household. In urban centers collection of application cards was done by volunteer workers e.g. by local women's committees and civic clubs. In rural communities, application cards were returned by mail. Approximately 20,000 women volunteers in 106 local offices were organized by the Consumer Representation Branch of the WPTB to transfer information from the application blanks to the ration cards.

c. Ration Book

The permanent ration book 1/ which went into use on September 7 contains 5 series of coupons, each series of a different color. Under the present system the book can be used for a six-months period. The first series contains 13 coupons and has sugar printed on each coupon. A coupon represents a two weeks ration. A second series of 13 coupons entitled "Spare A" is used for tea and coffee, each coupon similarly covering a two weeks supply. A series of 26 coupons ("Spare C"), each good for one week's supply, is used in butter rationing. The book contains two more series, which can be used for other commodities which might be rationed in the future, one of 13 coupons based on a two weeks ration allowance and one of 2 pages or 26 coupons to be used for a one-week ration.

1/ Prior to this date a temporary ration card which contained 5 coupons for sugar (each good for two weeks ration) and 5 "spares" which were used after August 3rd for tea and coffee, (each coupon representing one week's ration) had been in effect.

Coupons are only valid after specified dates. Two coupons are made valid at the same time. In the case of sugar, tea and coffee, a whole month's ration may therefore be secured at any one time. Butter coupons become valid in pairs every two weeks, enabling the consumer to buy one pound of butter at a time. Although coupons are not valid before certain dates, tea, coffee and sugar coupons continue to be valid at any time after the date on which they became effective. In contrast to this, butter coupons will only be valid for a two weeks period. The Board retains the right to change the value of the coupon at any time and the change would apply to unused coupons as well as to those which become valid at future dates.

Each copy of The Ration Book bears a serial number and this number will be retained by each ration book holder for the duration of the war and will apply to future issues of ration books. Consumers are thus registered by number. Serial numbers are allocated by districts and alphabetically within each district. All correspondence and administration will be by number and not by name of ration book holder. This is designed to contribute to administrative convenience. 1/

d. Control of Distribution

Effective September 5, the regulations governing the rationing of sugar, tea and coffee were revised and similar regulations and procedures established. 2/ With the exception of a few differences required by the dissimilarity of the product and the supply problem, the butter

1/ WPTB, Press Release, August 27, 1942.

2/ WPTB Order No. 176, Respecting Sugar Rationing, August 25, 1942, (effective September 5); Order No. 177, Respecting the Rationing of Tea and Coffee, August 25 (effective September 5); Order No. 198, Respecting the Rations of Sugar, Tea and Coffee, October 6, 1942, (effective October 10), Order No. 208, Respecting the Rationing of Tea and Coffee, November 17, 1942, (effective November 20).

rationing regulations are similar to those for the other foods. This contributes to the ease and simplicity of both administration and compliance..

No consumer can purchase or retailer sell to a consumer, except on the surrender of a coupon (or special voucher or permit). Coupons must be detached from the book in the presence of a retailer or his employee. A consumer is allowed to detach an entire sheet of coupons and deposit it with his retailer who must detach the proper number of coupons with each sale of a commodity. Furthermore, the regulations specifically prohibit persons from acquiring any tea, coffee, sugar or butter, except through the formal rationing procedures and also provide that no one but a licensed dealer can supply any of these commodities.

In order to replenish their sugar stocks, retailers must surrender at the time of each purchase a sufficient number of coupons to represent 98% of the total amount purchased. The 2% extra supply permitted represents an allowance for wastage. Retailers may also purchase sugar to the amount represented by sugar purchase vouchers (used in connection with purchases for home canning and preserving), 1/ special purchase permits (e.g. medical purposes) and requisitions (used in connection with purchases by industrial users, public caterers, institutions, and the armed forces) which they have honored.

Wholesalers must purchase only from refiners. A replacement certificate representing a quantity of sugar equal to the quantity purchased must be delivered to the refiner at the time of each purchase. A

1/ Purchase vouchers were also used by public caterers, institutions and industrial users before the revision of the regulations in September 1942. They have been replaced by requisitions.

copy of this certificate together with the coupons, sugar purchase vouchers, and special sugar permits and requisitions on the basis of which he requests replacement of his stocks must be delivered simultaneously to the local Board office. Refiners must mail replacement certificates to the federal office at Ottawa.

In the case of tea and coffee, no retailer, wholesaler, or other supplier shall purchase a quantity of 500 or more pounds of tea or coffee unless he delivers to his supplier a replacement certificate. At the same time, he must deliver a copy to the local office of the Board together with coupons, declarations of purchase 1/, special purchase permits or requisitions equal to the quantity requested in the replacement certificate. In the case of tea or coffee in bulk, suppliers are permitted to purchase 2% more than the amount represented by coupons to allow for wastage and in the case of green coffee 18% more. A person purchasing less than 500 pounds of tea and coffee must send coupons, purchase declarations, special purchase permits, and requisitions directly to his supplier.

When purchasing butter in solids, retailers may purchase 1% more butter than is represented by the coupons, permits, requisitions, and certificates surrendered to allow for spoiling and wastage. When purchasing 1,000 pounds of butter or more, suppliers (wholesalers and retailers) should use replacement certificates and deliver the coupons, permits, and requisitions represented by the replacement certificate to the nearest office of the Board. Coupons shall cease to be valid for use by a supplier

1/ Declarations of purchase were used by public caterers, industrial users, and institutions before the revision of the rationing regulations in September 1942. They have been replaced by requisitions.

two weeks after such coupons have ceased to be valid for the consumer.

(i) Public Caterers, Institutions and Industrial Users

Public caterers, institutions, and industrial users must register with the Board. Each registrant is restricted to one supplier. Purchases are limited to monthly quotas fixed in each individual case by the rationing authorities. Each registrant is required to submit a monthly report showing amounts purchased, stocks on hand, number of meals served, whether pastry and confectionery purchased or made on premises, purposes for which sugar used, and number of resident persons if an institution. Quotas are based on these reports and no quotas will be granted unless reports are regularly received. Each purchaser and his registered supplier is notified of the quota and purchases up to the full amount may be made by submitting a requisition. Prior to the revision of the regulations on September 5th, industrial users, public caterers and institutions were limited in the case of both sugar and tea and coffee to an arbitrary uniform quota of 70% of the amount used in the corresponding quarter in 1941. The new system is more flexible and allows for increasing or decreasing volume of business and for shifts of population.

All public caterers, institutions, and industrial users are required to keep available for inspection records and documents which will indicate exactly all purchases and uses of sugar, tea, coffee, and butter.

Public Caterers

In the case of sugar, public caterers are further prohibited from: allowing any sugar container or loose or wrapped sugar to be left on a table, tray or saucer; serving any customer who hasn't requested sugar; serving

more than 3 lumps or 2 teaspoonsful of sugar for any one food or beverage to any customer; permitting the use of perforated shakers.

In the case of tea and coffee public caterers are prohibited from: serving more than one individual tea bag or an equivalent amount of loose tea per person for each serving; providing one person with more than one serving of tea at any one sitting; serving more than 1 cup of coffee per person at any one sitting; serving both tea and coffee to any one person at one sitting. Public caterers are not required to reduce the price of any meal by reason of the discontinuance of the practice or custom of serving extra cups of tea or coffee without charge.

In the case of butter, public caterers are prohibited from: providing any person with more than one-third of an ounce of butter at any one sitting; serving any butter to any customer who has not requested a serving of butter.

Institutions

Operators of institutions are further required to take possession of the ration book of every person residing in the institution for two weeks or more in the case of tea, coffee and sugar and one week in the case of butter and shall detach and send to the nearest Board office the appropriate number of coupons according to the period of residence. Boarding houses may elect whether to register as institutions or to make their purchases according to the regular procedure for consumers with each boarder considered as a member of the household. Construction, logging or mining camps are defined as institutions.

Industrial Users

In the case of sugar the manufacture of products exported to the British Empire, and products sold to the armed services, canteens, and messes, is exempt from the rationing limitation.

No provision is made for the purchase of butter by industrial users. Such users, which include bakers, candy manufacturers, etc., cannot under any circumstances use butter but must use lard, shortening, or other substitutes.

(ii) Butter Producers

Since butter is the only rationed commodity produced domestically, only the butter rationing regulations make provision for regulating transactions by producers. Producers of creamery butter must submit monthly reports to the Federal Administrator of Rationing showing all transactions during the preceding month accompanied by all coupons, permits, requisitions and replacement certificates representing butter sold and delivered.

In addition, every producer of dairy butter (i.e. farmer) must register with his local ration board, and every month must send coupons, permits, requisitions, and certificates equivalent to the amount of butter delivered to any person to the local board. Every producer must also account for butter produced by him and consumed in his household. He is limited in his household use of butter to the regular ration and must turn in coupons representing the amount used at the end of every month.

(iii) Ship's Stores

Ships operated on inland and territorial waters shall be subject to the regulations governing institutional use. Other ships may purchase sugar by requisition to an amount not exceeding a quota of 1 3/4 pounds of sugar per person per week, tea and coffee to an amount not exceeding 6 ounces of tea plus 4 ounces of coffee per person per week, and butter to an amount of one pound per person per week.

It has been found unsatisfactory to subject commercial fishing crews to the institutional regulations. Restricting ships to a single supplier has not proved practical since fishermen are accustomed to buy supplies at different points on their voyages. Permission to purchase by requisition has been found open to abuse. Henceforth fishermen, if members of commercial crews of two or more persons, are to be issued temporary ration cards good for ten-week periods. Fishermen may retain and use their regular permanent ration book. The temporary ration card permits the purchase of extra rations. 1/

(iv) Special Provisions

Sugar for home preserving and canning

Special arrangements were made to permit consumers to purchase extra supplies for home preserving and canning. Until September 30, 1942, consumers were permitted to purchase additional sugar for home canning by filling out a sugar purchase voucher and submitting it to the retailer at the time of the purchase. Purchases were limited to one-half pound of

1/ WPTB, Press Release No. 0220, September 30, 1942.

sugar for each pound of fruit in the case of preserving or canning fruit; 3/4 of a pound of sugar for making jam or jelly; one pound of sugar for eight pounds of apples, when cooked. No official approval was required in order to purchase by the voucher method. Purchases could be based on current estimated requirements and were not checked or limited by last year's requirements.

Sugar for Beekeepers

Beekeepers must register as industrial users. A detailed statement of requirements must be sent to the Provincial Apiarist who will be responsible for issuing special purchase permits.

Sugar for Harvest Crews

Special permission was granted farmers feeding harvest crews to obtain extra supplies not exceeding one ounce per man per meal (including household baking requirements) by means of purchase vouchers.

Sugar for Medical Requirements

Requests for extra sugar for health needs may be approved by local ration officers. Special purchase permits are issued. Formerly a doctor's certificate had been required but this was eliminated since it was considered an unnecessary cost and nuisance to the consumer. 1/

Blood Donor Clinics

Eligible to register as public caterers in order to purchase tea, coffee, or sugar.

Coal Miners

Since November 2, 1942, soft coal miners have been permitted to purchase double rations of tea and coffee.

Members of the Armed Services

Members of the armed services if on leave or on subsistence for seven days or more may secure temporary ration cards, good for ten weeks.

Tourists

Visitors' application cards may be filled out at port of entry and a temporary ration card issued.

Purchases by the Armed Forces

Purchases for the armed forces, or for canteens in military establishments, or by The Canadian Red Cross Society for export are exempt from the regulations.

Consumer Reporting of Surplus Stocks

Under the "honor" systems of rationing, consumers were not required to report stocks on hand. The regulations, however, forbade not only the acquisition of more than the ration but also the consumption of more than the ration, and the acquisition of any amount if the consumer already has a two weeks supply.

When coupon rationing for both sugar and tea and coffee was introduced consumers were required to turn in coupons equal in value to the amount in their possession over and above 2 weeks ration and had to send a written statement stating total amount of sugar under their control, number of persons in household, and amount of surplus. Although in the case of sugar the possession of more than two weeks supply was illegal at the time coupon rationing was introduced since it had been prohibited in the first sugar rationing order of January 26,

it is understood that no action was taken to prosecute those who reported surplus stocks. Furthermore, a satisfactory number of surplus stock reports were received.

The butter rationing regulations require that consumers must report all stocks in excess of one pound (two weeks supply) per person and return to the Board coupons representing the excess in their possession.

3. Enforcement and Effectiveness

Although consumption statistics are not officially released, it is understood that voluntary rationing was only relatively successful. The technique used for tea and coffee resulted in virtually no reduction of consumption. Since coupon rationing was introduced, compliance has been generally satisfactory. Unfortunately, no statistical data regarding the number of violations and prosecutions, the existence of black market violations or indication of the extent of compliance have been publicly released. A number of consumers have been fined for hoarding sugar in violation of both the rationing regulations and the general prohibition in the Wartime Prices and Trade Regulations against accumulating more than a reasonable amount. A fine as high as \$500 was imposed on one woman for hoarding 200 pounds of sugar.

One of the chief weaknesses of the sugar rationing regulations has been the possibility of abuse under the sugar purchase voucher system for securing sugar for home canning. Purchases for home canning have not been permitted since September 30th, but it was well-known that many persons--both consumers and retailers--were using sugar purchases under

such vouchers for ordinary domestic purposes and the problem of how to handle sugar required by legitimate home canning activities will arise again next season. Enforcement measures in this field have been confined to spot-checking of vouchers in retailer's possession and of consumers found to have purchased abnormally large amounts. A form letter was sent out to selected purchasers requesting a report of the quantities canned and asking them to select a date for an inspection visit. It was hoped that the receipt of this notice would tend to discourage violations. The spot checks showed that this procedure was abused more frequently by retailers than by consumers. Many cases were found in which retailers had replaced the number of pounds listed on the voucher and actually purchased by the consumer by a larger figure. He was thus able to secure replacement of larger amounts than he was entitled to which he could sell illegally.

Many public caterers and institutions failed to register as users of tea and coffee after the new regulations went into effect in September and found themselves unable to get supplies. A large number of caterers and institutions registered as tea and coffee users although they had not registered as sugar users during the summer as required by the sugar rationing regulations since July 1. Any purchases of sugar during this period by these persons was illegal and if they were relying on large stocks, their failure to report these stocks was also illegal. Investigations of these apparent violations have been made and new supplies for the persons under investigation have been held up. 1/

The control of supply has been relatively easy in the case of the rationing of imported foods. The sources of supply are few in number and easily policed. Butter, on the other hand, is produced by thousands of small producers. Under such conditions black markets and bootlegging present a real threat and adequate policing of the many farmer producers is out of the question. Enforcement of the regulations as far as consumption by farm households of home produced butter rests in the last analysis solely on voluntary compliance. The rationing of butter will therefore present the rationing authorities with the first real test of the control machinery.

4. Conclusions

The policy of the government has been to avoid and postpone formal rationing as long as possible. All other means of control are tried first. For instance, all Canadian imports of sugar (approximately 80-85% of her total supply since domestic beet sugar only accounts for 15-20% of the total) have been purchased and distributed to the refineries by the government since the war began. Distribution could thus be controlled at source. Due to a consumer's buying run resulting in a temporary shortage in September 1939, the Board required industrial users to turn back considerable amounts of their inventory stocks to meet the demands of household consumers. In some instances, refiners limited sales to industrial users and distributors to January 1939 levels. In January 1942 sugar was rationed by a technique of formally prohibiting the purchase or consumption of more than a specific weekly ration and limiting industrial users to a percentage of normal requirements but establishing

no coupon system to check and enforce compliance. Finally the Board instituted formal coupon rationing system for consumers, industrial users and catering establishments in July 1942.

The reluctance to institute formal rationing schemes has been characteristic of the attitude of the Canadian Government towards all formal wartime controls. It has been a policy to rely to the utmost extent consistent with the war effort on informal controls and voluntary action. This policy is based partly on the belief that voluntary compliance is basic to any type of control no matter how strict the regulation or the enforcement machinery may be and partly on the desire to avoid programs requiring a large administrative staff and a great expenditure of funds. Furthermore the chairman of the Wartime Prices and Trade Board, the agency responsible for consumer rationing, has been personally opposed to the introduction of rationing except as a last resort. The Board has recently concluded, however, and announced publicly that the extension of formal rationing over a broad range of consumer goods is now necessary due to the depleted supply of consumer goods and the necessity of curtailing civilian production even further.

Butter is the first domestically produced food to be formally rationed. Rationing regulations for this commodity have therefore been accompanied by other measures designed to control and expand production. In the case of imported foods such as tea, coffee, and sugar, the supply is fixed by factors for the most part beyond the control of the government.

Prior to rationing, a number of other measures had been taken in an effort to ease the supply situation. A subsidy of 6¢ a pound on

butterfat was authorized early in July 1942 by the Commodity Prices Stabilization Corporation. 1/ In November, an order was issued reducing and limiting butter stocks held in storage to 75% of the quantity held on November 1, 1942. 2/ It was hoped that the order would force more butter on the market and offset the effects of recent commercial hoarding. Neither of these measures, however, seemed to sufficiently offset the effects of lagging production, increased demand, and hoarding. Canada has produced about $17\frac{1}{2}$ billion pounds of milk in 1942, a marked increase over 1940 and 1941, but none of this increased production has been going into butter. The price for fluid milk for butter production has been abnormally low in relation to other uses, particularly cheese. The authorization of a subsidy on butter came too late to permit farmers to reorganize their farming operations to send milk to the creameries instead of to the cheese factories. Estimated total 1942 production will be slightly below 1941 and estimated consumption or disappearance will be approximately 12% higher, or 10% less than total production. 3/

With the imposition of rationing, the Board also took action to wipe out seasonal price increases previously authorized in order to eliminate any incentive to withhold supplies from the market. The Board fixed uniform dollar and cents maximum prices on sales by manufacturers to wholesalers and limited prices at all other levels to base period

1/ WPTB, Press Release No. 0118, July 3, 1942.

2/ WPTB, Administrator's Order, No. A-483, Respecting the Holding of Creamery Butter, November 18, 1942, (effective November 19).

3/ Dominion Bureau of Statistics. Monthly Dairy Review of Canada.

maximums. Some geographical differentials were permitted. This will amount to a reduction of 2¢ a pound to consumers. In order to compensate producers and storers, an additional subsidy of 4¢ a pound on butterfat is authorized for the period December 21, 1942, through April 30, 1943. Holders of butter will also be compensated for inventory losses resulting from the price reductions incurred on stocks in excess of 1000 pounds held on December 1, 1942. ^{1/} The price reductions on sales by manufacturers to wholesalers and retailers and wholesalers to retailers were effective on December 21 and the reductions at the consumer level did not take effect until December 28. Since these measures have just been taken, no evaluation of their effects can be made.

Although the Commodity Prices Stabilization Corporation does not release information on the cost of the butter subsidy, some approximate estimates are available. The subsidy of 6¢ a pound on butterfat authorized in July would amount to approximately \$14 million annually at the 1942 annual rate of production. The additional 4¢ a pound authorized for the period from December 21 to April 30 will cost the government according to an estimate released by Mr. Donald Gordon, Chairman of the Wartime Prices and Trade Board, another \$2 million. Compensation for inventory losses may amount to between \$500,000 and \$700,000.

The prices of two other rationed commodities--tea and coffee--have recently been reduced, 10¢ a pound in the case of tea and 4¢ a

^{1/} WPTB Order No. 221, Respecting Maximum Prices of Creamery Butter, December 15, 1942, (effective December 21).

pound in the case of coffee. Since the government is the sole importer of tea and coffee, this reduction will be subsidized by the technique of reducing the prices charged by the government selling agency. Inventory losses will also be compensated for. No estimate of the cost to the government of this reduction is available, although the Minister of Finance indicated that the cost of the price reductions for tea and coffee as well as those ordered at the same time for milk and oranges would amount to \$40 million. The reduction in prices of these four foods was admittedly taken to prevent further increases in the cost-of-living index and thus avoid the possibility of having to order the payment of an additional cost-of-living bonus this winter.

Since price changes may have a considerable effect on consumption, price policy in regard to scarce commodities is extremely important. A reduction in price may aggravate a shortage by increasing consumption. It is interesting therefore to note that three of the foods, i.e., tea, coffee, and butter, for which price reductions have been recently required are rationed thus eliminating the possibility of any undesirable effect on consumption.

The rationing of commodities of daily or frequently recurring necessity (and this type of rationing is the most significant and difficult) in Canada is still too new to offer as much in the way of valuable experience as the broader and longer-established programs in Great Britain can give. Nevertheless there are a number of techniques employed in the administration of rationing in Canada which might prove valuable suggestions in connection with rationing in the U. S.

(a) The importance of employing similar procedures in rationing commodities of the same type should not be overlooked. The degree to which the administrative burden to business is minimized and the regulations made as simple and easy to understand as possible is an important factor in the effectiveness of any control. Although the tea-and-coffee and sugar rationing regulations differed in Canada when they were first introduced, they were later revised and a similar system established for both these commodities as well as butter. Similar purchasing regulations and similar forms have been established. Effective dates of coupons are identical for tea, coffee and sugar. Similarity of procedure aids both the trade and the consumer.

(b) Basic to a sound and effective system of rationing is a coordinated policy in regard to supply and price, as well as production and distribution controls. In Canada this has been achieved not only by organizing controls on a commodity basis but also by centralizing controls in relatively few agencies and providing effective administrative techniques of coordination on a functional basis. There are only two major control agencies dealing with commodities: The Wartime Industries Control Board, within the Department of Munitions and Supply (the sole procurement agency for war supplies), composed of 15 Controllers each with broad powers of control over important raw materials or non-consumer activities; the Wartime Prices and Trade Board, which is the supreme price control authority and has also been granted comprehensive power to ration and to control civilian production and distribution of all commodities and services. The Wartime Prices and Trade Board is organ-

ized on a commodity basis with separate administrators for each commodity. Complete coordination of the activities of the two Boards is achieved by the appointment of the Controllers to act as administrators in charge of their respective commodities. A number of government corporations have been established to administer the government purchasing and subsidy programs and the production of certain war supplies. These corporations have been placed under either the Department of Munitions and Supply or The Wartime Prices and Trade Board. Although the procurement of food supplies under British contracts and various special measures taken to direct and expand agricultural production are under the jurisdiction of the Department of Agriculture and a number of special boards, distribution, price and subsidy controls are handled by the Prices Board.

(c) Industrial users, institutions and public caterers are restricted to one supplier whose name must be listed with the Board. Both the purchaser and the supplier are notified of the quota which the purchaser is eligible to buy. Strict control of sales at the pre-retail level is particularly important. Since it is at this level that the absence of effective control can provide opportunities for significant black market operations. The Canadian technique decreases the opportunity to buy and sell illegally without detection and facilitates the task of inspection and enforcement.

(d) The allocation of supplies to industrial users, institutions and public caterers on a quota system tailored to meet individual requirements and adjusted on the basis of monthly reports to meet current changes in need and demand permits flexibility of rationing, prevents

the allocation of quantities either in excess or below reasonable requirements thus indirectly minimizing opportunities for black market operations, promoting compliance and allowing for increasing or decreasing volume of business and for population shifts.

(e) The purchase and distribution by the government of the entire supply at the source is an important means of control. The basic principle of a successful rationing system is the ability to control the supply at source and to prevent the escape of any portion of the total supply into a black market. Irrespective of the strictness of control at the retail or wholesale level, the effective rationing of a commodity cannot be secured if a part of the supply can be diverted at source into black markets and never appear on the records. Government ownership contributes effectively to this control. In Canada, the entire importation of sugar has been handled by the Government since the beginning of the war and since rationing was introduced all tea and coffee is now imported and distributed by the Commodity Prices Stabilization Corporation, a government corporation established under the Wartime Prices and Trade Board to buy and sell and administer the subsidy program.

(f) The period of validity for a coupon is very important. In Canada each coupon entitling consumers to purchase sugar, tea or coffee represents two weeks ration. In order to ensure that adequate supplies are available to meet consumer requirements, to secure orderly distribution, to prevent hoarding (e.g. purchase of entire ration permitted by one book whether a six months or year period in advance of current requirements), and to enable the value of the ration to be changed at any time to meet a change in the supply situation, coupons are only valid

after certain specified dates. Two coupons, i.e., one month's supply in the case of sugar, tea and coffee and two weeks supply in the case of butter, are made valid at one time. This means that although the weekly ration may be small consumers can buy and sellers can sell reasonably large amounts at any one time. A rationing system which restricts sale at any time or during any period to small amounts and in amounts not customarily packaged as such increases the cost and man-hours of work imposed on business by any rationing system. Therefore to the extent consistent with the desired reduction in consumption the quantity or quantities which can be sold should be as customary as possible.

On the other hand, coupons for tea, coffee and sugar continue to be valid in Canada at any time after the date on which they became valid. The theory behind this policy is that it encourages consumers not to purchase their full ration each time a coupon becomes valid when they don't need it. If the coupon remains valid, the consumer can always cash in his unused coupons if he needs his full ration later. Since many persons would not consume their full ration this provision tends to maximize the desired reduction in consumption. On the other hand, if coupons are only valid for a short period as in the U. S. consumers are inclined to cash in every coupon in case they might need more sugar later. The Board retains the right, of course, to change the value of the coupon and the change would apply to unused coupons as well as to those which become valid at future dates. Since the consumer could have cashed these coupons before he has no real reason to complain that its value has been unjustly reduced. Nor do the Canadian authorities feel that this flex-

ibility for the period of coupon validity prevents an adequate control of supply and distribution. Under the butter rationing regulations, however, the Board has limited the validity of each coupon to a two weeks period both for consumers and dealers.

(g) Rationing systems, which do not involve the use of coupons (or permits) which must be exchanged in the case of any transaction at all levels, are inadequate. Although there may be no intention to use informal rationing systems in the U. S., it may be of value to realize that Canada has given this type of rationing a thorough trial and has discarded it as ineffective particularly when the desired reduction in normal consumption is large. The Canadian system was as formal as a system not using coupons can be. The regulation established a specific ration and prohibited both seller and consumer from selling or consuming more than the ration. Criminal penalties for violations were provided. Nevertheless compliance was not adequate, enforcement was practically impossible, and the reduction in consumption was unsatisfactory.

(h) Consumers have been registered for purposes of rationing by serial numbers. The serial number appearing on the first ration book issued to them will be retained by each consumer for the duration. This appears to contribute greatly to administrative convenience and enforcement. Serial numbers are allocated by districts and alphabetically within each district. All correspondence and administration will be by number and not by name of ration book holder.

